

default swaps, which were described earlier on the floor of the Senate. But they were making a lot of money out of the losses of their clients.

What added insult to injury—the injury was the conflict of interest and betting against something they were selling, and not even disclosing that fact, by the way, to their clients and customers. But the insult that was added was when their own e-mails, over and over again, show that their own salespeople were describing these securities that they were selling to our pension funds and our educational institutions as junk and worse. That is the insult. The underlying injury is the conflict of interest.

Our amendment, as the Senator from Oregon described, goes after the proprietary trading, which is highly risky, in one part of the amendment. Another part of the amendment goes directly at the conflicts of interest which were exemplified by what Goldman Sachs did. Then they tell us in the Permanent Subcommittee on Investigations: Well, that is the way Wall Street does business. You just don't understand.

Well, Main Street understands. We understand the values that Wall Street exemplified in these last years by selling junk to clients and then betting against them. We understand very well what went on, because we, the people of the United States, ended up paying for those bets. When they won the bets, they made out like bandits. Wall Street—Goldman Sachs—won many of those bets because they bet against the very securities that they thought were dubious. But there were also a lot of banks that lost bets, that didn't do what Goldman Sachs did, but nonetheless got stuck with these bad securities. And what happened then? Because of the proprietary trading of those banks and risky securities, they ended up losing a lot of money and the taxpayers had to bail them out.

So the taxpayers of this country lose either way. Our pension funds, our educational institutions lose out to a Goldman Sachs, with their conflicts of interest against their own clients—essentially dealing with themselves as a client against the interest of the person they were selling securities to. You have the Goldman Sachs on the one hand making a lot of money that way. You have the banks, which lost money because of those risky bets on the other side of the bet, ending up being at the public trough and having to be bailed out because they were too big to fail and would have plunged us even more deeply into a deeper recession or a depression had they not been bailed out.

We are trying to prevent that from happening again. The Merkley-Levin amendment is trying to go right to the heart of that problem, and that problem is a very deep one, involving the examples which the Senator from Oregon I believe cited but, if not, let me very briefly summarize. Wall Street has attempted to argue that propri-

etary trading, which our amendment would seek to end in a very thoughtful way, without hitting the kind of activities that are client oriented, that should be allowed—Wall Street has attempted to argue that proprietary trading was not a significant factor in the downfall of our financial system. The numbers here tell a very different story.

By April of 2008, the Nation's largest financial firms had suffered \$230 billion in losses based on their proprietary trading. So by the end of 2008, taxpayers put up hundreds of billions of dollars in so-called TARP funds to avoid the collapse of our economy. One example of the damage here: In 1998, Lehman Brothers had \$28 billion in proprietary holdings. Less than 10 years later—2007—its proprietary holdings had soared more than 10 times to \$313 billion in those kind of high-risk bets. When the values of the holdings declined in 2007 and 2008, Lehman Brothers then lost \$32 billion. Those losses exceeded Lehman Brothers' net worth. By September of 2008, the firm collapsed in the largest bankruptcy in our history.

That is what we are trying to prevent a recurrence of in our amendment. And what happened? Because the Republican leadership decided they would use a parliamentary approach here to stop Merkley-Levin from even being offered, we have been unable to get the remedy for that kind of a catastrophe happening again to the floor of the Senate for a vote.

That is a tragedy which is lying in wait, if we allow it to exist. So Senator MERKLEY and I—the Presiding Officer now and I—are going to do everything we possibly can in the few hours that remain before the cloture vote to prevent the Republican obstruction from succeeding. We are going to continue to try tomorrow morning to see if we can't get our amendment considered by the Senate. We simply cannot stand by and do nothing. We have seen too many massive costs to the taxpayers.

Another example was with Bear Stearns. Bear Stearns lost more than \$3 billion, thanks to an investment of about \$30 million in two hedge funds. So the losses at Bear Stearns, because of the leverage they used and were allowed to use under existing law, which we would not allow them to use—their losses were 100 times greater than the original investment that crippled the bank and led to an emergency sale to JPMorgan Chase.

We have to protect depositors and taxpayers from the risk of this high-risk proprietary trading at the commercial banks. We have to protect taxpayers from the dilemma of having to pay for Wall Street's risky bets or watch our financial system disintegrate. We have to protect investors and the financial system at large from the conflicts of interest that too often represent business as usual on Wall Street.

We worked with Senator DODD. As Senator MERKLEY pointed out, Senator

DODD and his staff worked very closely with us. Senator DODD supports our amendment. So the chairman of the Banking Committee wants our amendment to be considered, and even he cannot persuade the Republican leadership to not use a parliamentary gimmick to stop us, to thwart us, to stymie us from bringing this remedy to the floor of the Senate.

I thank Senator DODD, Senator MERKLEY, and his staff for working so closely with us. We have worked with the Treasury Department very closely, with the Securities and Exchange Commission closely, to make sure we would fix the problems we target without endangering legitimate market activity or activity that is on behalf of clients instead of on behalf of the banks. A number of our colleagues worked with us to make sure there would not inadvertently be restriction of activities that did not cause and would not cause this kind of financial crisis again. Federal Reserve Chairman Paul Volcker endorsed our amendment, as did business leaders such as John Reed, former chairman and CEO of Citibank, and major organizations for Wall Street reform.

But as we stand here and sit here at 9:30, we are stymied. Unless we can unlock this tomorrow morning, there is going to be a cloture vote later on that day which, unless we can figure out a way to make our amendment germane postcloture, will prevent us from getting a vote on this amendment.

Are we serious about reforming the worst excesses of Wall Street? On this side of the aisle, we are. On the Republican side of the aisle, what we have seen now is obstruction, a decision that has been made that they are going to protect Wall Street instead of Main Street. Wall Street has a long arm and hundreds of lobbyists swarming around this Senate. They are determined to stop us from taking up the Merkley-Levin amendment.

There is going to be a dramatic opportunity tomorrow. There is going to be another effort made to have our amendment considered. At least one effort will be made tomorrow, and maybe more, because it is absolutely essential that the average American out there, the average family, that average business on Main Street that we are trying to make sure has funds available to it for its needs—they are going to be looking, hopefully, at this body tomorrow when a decision is going to be made as to whether the reforms that are so critically important to preventing a reoccurrence of this disaster, this economic disaster, will prevail.

Again, I thank Senator MERKLEY for all he has done, for the huge energy he has put in, he and his staff working so closely with us, with the Treasury Department. I am proud to have the name "Levin" come after the name "Merkley" in Merkley-Levin. Someday—hopefully it will be tomorrow—we are going to get Merkley-Levin considered by the Senate. It is a sad day